

BYLAWS
OF
WASHINGTON STATE HEALTH INSURANCE POOL

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BYLAWS
OF
WASHINGTON STATE HEALTH INSURANCE POOL

ARTICLE I. OFFICES

The principal office and place of business of the Washington State Health Insurance Pool (“WSHIP”) in the state of Washington shall be at such location as is designated by the Board of Directors from time to time. The official address may be a post office box or the address of the Administrator appointed by the Board of Directors.

ARTICLE II. MEMBERS

Section 2.1 Designation, Qualifications and Rights of Members. The designation, qualifications and rights of the members of WSHIP are described in WSHIP’s articles of organization.

Section 2.2 Termination of Membership. The Membership of a member shall be terminated automatically upon such member’s failure to meet the qualifications set forth in WSHIP’s articles of organization.

Section 2.3 Member Assessments. Members shall pay advance interim and final assessments determined by the Board of Directors in accordance with the provisions of the Washington State Health Insurance Coverage Access Act, Chapter 48.41 RCW (the “WSHIP Act”). Each member’s proportion of advance interim and final assessments shall be determined by the Board of Directors based on annual statements and other reports deemed necessary by the Board of Directors and filed by the member with the Insurance Commissioner. Assessments shall be due and payable within thirty days of the receipt of an assessment notice. If the amount of the assessment payable by a member is ten percent or more of the aggregate assessments payable by all members, the Board of Directors may, at its sole discretion, permit the member to pay its assessment in three equal monthly installments. Members who are terminated shall remain liable for any assessments based upon accrued net losses sustained by WSHIP prior to the effective date of their membership termination. Any disputes relating to assessments shall be submitted to the Board of Directors pursuant to the grievance procedures specified in Section 2.12 below. Any member who fails to pay an assessment when due may be referred to the Insurance Commissioner for appropriate administrative action. The Insurance Commissioner’s role in connection with the assessment process shall be limited to providing the Board of Directors with relevant data collected by and filed with the Insurance Commissioner and pursuing appropriate administrative action against Members who fail to pay assessments when due.

Section 2.4 Annual Meeting of Members. The annual meeting of the members shall be held on the first Thursday of March or at such other time and place as determined by the Board of Directors.

Section 2.5 Special Meetings of Members. Special meetings of the members may be called by the Chair of the Board of Directors or by a vote of the Board of Directors. The time and place for such meeting shall be set by the Chair or the directors requesting the meeting.

Section 2.6 Place of Member Meetings. Meetings of the members shall be held at either the principal office of WSHIP or at such other place within or without the state of Washington as the Board of Directors or the Chair may designate.

Section 2.7 Notice of Member Meetings. Written or printed notice stating the date, time and place of a meeting of members and, in the case of a special meeting of members, the purpose or purposes for which the meeting is called, shall be given by or at the direction of the Chair or the Secretary to each member of record entitled to notice of or to vote at such meeting, not less than ten days and not more than fifty days before the meeting. Such notice shall be effective upon dispatch if sent to the member's address, telephone number, or other number appearing on the records of WSHIP. Notice of the date, time and place of all regular and special meetings of the Members also shall be made available on WSHIP's web page (through the administrator's site). Dates and times for regular meeting will be posted on WSHIP's web page annually at the beginning of each year.

Section 2.8 Waiver of Notice for Member Meetings. A member may waive any notice required to be given under the provisions of these bylaws, the articles of organization or by applicable law, whether before or after the date and time stated therein. Such waiver shall be in writing.

Section 2.9 Member Voting. Each member entitled to vote shall have its vote weighted based on the formula specified in RCW 48.41.090 to determine the amount of assessments payable by that member to WSHIP during the previous calendar year. A member may vote either in person, by mail, by electronic transmission or by proxy. A person may vote by mail or electronic transmission so long as the name of each candidate to be voted upon is set forth in a writing accompanying or contained in the notice of meeting. A member may vote by proxy by means of a proxy appointment form which is executed in writing by the member or by its duly authorized attorney-in-fact. All proxy appointment forms shall be filed with the Secretary of WSHIP before or at the commencement of meetings. No unrevoked proxy appointment form shall be valid after eleven (11) months from the date of its execution unless otherwise expressly provided in the appointment form. No proxy appointment may be effectively revoked until notice in writing of such revocation has been given to the Secretary of WSHIP by the member appointing the proxy.

Section 2.10 Quorum at Member Meetings. At any meeting of the members, attendance by members holding five percent (5%) of the voting rights (weighted in accordance with Section 2.9 above) held by all members entitled to vote on the matter shall constitute a quorum of that voting group for action on that matter. Once a member is present or represented at a meeting, other than to object to holding the meeting or transacting business, the member is

deemed to be present for purposes of a quorum for the remainder of the meeting. If a quorum exists, action on a matter is approved if the votes cast favoring the action exceed the votes cast opposing the action, unless the question is one upon which a different vote is required by express provision of law or of the articles of organization or of these bylaws. Persons voting by mail, electronic transmission or proxy shall be deemed present for all purposes of quorum, count of votes and percentages of total voting power voting.

Section 2.11 Action by Members Without a Meeting. Any action that may or is required to be taken at a meeting of the members may be taken without a meeting if one or more written consents setting forth the action so taken shall be signed, either before or after the action taken, by all the members entitled to vote with respect to the subject matter thereof. Action taken by written consent of the members is effective when all consents are in possession of WSHIP, unless the consent specifies a later effective date. Whenever any notice is required to be given to any member of WSHIP pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to notice, shall be deemed equivalent to the giving of notice. Copies of any written consent signed by all Members shall be distributed to all persons to whom minutes for meetings of the Board of Directors are distributed pursuant to Section 3.14 hereof.

Section 2.12 Grievance Procedures for Members. Any member aggrieved by any act or decision by WSHIP shall have the right to submit a written appeal to the Board of Directors. Any such appeal must be submitted in writing to the Board of Directors within ninety days of the effective date of the act or decision that gives rise to the appeal. The Board of Directors shall respond to the appeal in writing within ninety days of WSHIP's receipt of the complete information needed to resolve the appeal.

ARTICLE III. BOARD OF DIRECTORS

Section 3.1 Number of Directors. The business and affairs of WSHIP shall be managed by its Board of Directors. The Board of Directors shall consist of ten directors, plus the Insurance Commissioner, who shall serve as a nonvoting, ex-officio director.

Section 3.2 Appointment or Election of Directors. WSHIP's Board of Directors shall be appointed or elected in the manner specified in WSHIP's articles of organization.

Section 3.3 Tenure and Qualification of Directors. Except as is necessary to stagger the terms of the directors, each director shall hold office for a term of three years and until a successor shall have been appointed and qualified or elected and qualified.

Section 3.4 Annual and Other Regular Meetings of Directors. An annual meeting of the Board of Directors shall be held without other notice than this bylaw, immediately after and at the same place as the annual meeting of members. The Board of Directors shall hold regular meetings quarterly or more frequently at such time and place as the Board of Directors shall specify by resolution.

Section 3.5 Special Meetings of Directors. Special meetings of the Board of Directors may be called by the President (who, as provided by Section 5.1 hereof may also be referred to as the “Chair”), the Secretary or any two directors.

Section 3.6 Notice for Meetings of Directors.

(a) Advance notice of regular and special meetings of the Board of Directors shall be provided to the directors and members of the public in compliance with the provisions of this section. Notice of the date, time and place of all regular and special meetings of the Board of Directors shall be made available on WSHIP’s web page (through the administrator’s site). Dates and times for regular meeting will be posted on WSHIP’s web page annually at the beginning of each year. Notice of the dates and times for any regular meetings scheduled or rescheduled for dates or times other than those posted at the beginning of each year will be posted on WSHIP’s web page at least ten days prior to the date of the meeting. Notice of special meetings of the Board of Directors stating the date, time and place thereof and the business to be transacted also shall be given to each director and each person who has filed a written request with the executive director to be notified of meetings of the Board of Directors. Such notice may be oral or written and shall be provided with as much notice as reasonably possible under the circumstances, but in no event shall the notice be delivered less than twenty-four hours before the time of the meeting specified in the notice. Written notice is effective upon dispatch if such notice is sent to the postal address, email address, telephone number, or other number appearing on the records of WSHIP of the persons entitled to receive the notice. Final action will not be taken at special meetings on any matter that was not included in the notice for the meeting.

(b) An agenda with meeting subjects, date, time, place and attachments will be emailed in a timely manner to each member of the public who has filed a written request with the executive director to be included on the agenda email list for meetings of the Board of Directors. Hard copies of the agenda will be mailed to each member of the public who has filed a written request with the executive director to receive a hard copy of the agenda materials for meetings of the Board of Directors. Agenda attachments will be included on request, except for confidential attachments such as confidential medical information, legal advice or personnel information. Copies of agenda attachments (excluding confidential attachments) will be made available to guests attending meetings of the Board of Directors.

(c) In the event of emergency meetings of the Board of Directors involving injury or damage to persons or property or the likelihood of such injury or damage, when time requirements would make notice impractical and increase the likelihood of such injury or damage, advance notice of the meeting is not required. In such cases minutes of the meeting will be incorporated into the agenda of the next following regular meeting of the Board of Directors.

(d) Notice of meetings of committees appointed by the Board of Directors stating the date, time and place thereof and the business to be transacted also shall be given to each director and each person who has filed a written request with the executive director to be notified of meetings of the committee. Committee reports will be distributed with the minutes of the meeting of the Board of Directors at which the report was reviewed.

Section 3.7 Waiver of Notice of Special Meetings of Directors. Any director may waive notice of any meeting at any time. Whenever any notice is required to be given to any director of WSHIP pursuant to applicable law, a waiver thereof in writing signed by the director, entitled to notice, shall be deemed equivalent to the giving of notice. The attendance of a director at a meeting shall constitute a waiver of notice of the meeting except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully convened.

Section 3.8 Quorum for Meetings of Directors. The presence of seven directors, at least four of whom are directors appointed by the governor and three of whom are directors elected by the members, shall constitute a quorum for the transaction of any business at any meeting of directors.

Section 3.9 Manner of Acting by Directors. If a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board of Directors, unless the question is one upon which a different vote is required by express provision of law, the articles of organization or these bylaws.

Section 3.10 Items Requiring Approval by Supermajority Vote of the Board. The affirmative vote of seven directors is required to:

- (a) approve a contract with the administrator in conformance with RCW 48.41.080 or approve any other contract with an entity or organization to perform administrative activities and duties on behalf of WSHIP if the aggregate payment under the contract is reasonably expected to exceed \$50,000, or such greater amount as may be established in WSHIP's annual budget, or the term of the contract will exceed 12 months;
- (b) levy assessments;
- (c) remove an officer from office;
- (d) alter, amend, or repeal WSHIP's articles of organization, bylaws or operating rules, or adopt new articles of organization, bylaws or operating rules;
- (e) initiate any legal proceeding; or
- (e) pledge the assets of WSHIP as security for purposes of borrowing funds.

Section 3.11 Participation by Directors by Conference Telephone. Directors may participate in a regular or special meeting of the board by, or conduct the meeting through the use of, any means of communication by which all directors participating, and any of the members of the public who wish to participate, can hear each other during the meeting and participation by such means shall constitute presence in person at the meeting.

Section 3.12 Presumption of Assent of Directors. A director who is present at a meeting of the Board of Directors at which action is taken shall be presumed to have assented to the action taken unless such director's dissent shall be entered in the minutes of the meeting or unless such director shall file his written dissent to such action with the person acting as Secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the Secretary of WSHIP immediately after adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

Section 3.13 Action by Directors Without a Meeting. Any action permitted or required to be taken at a meeting of the Board of Directors may be taken without a meeting if one or more written consents setting forth the action so taken, shall be signed, either before or after the action taken, by all the directors. Action taken by written consent is effective when the last director signs the consent, unless the consent specifies a later effective date. Copies of any written consent signed by all directors shall be distributed to all persons to whom minutes for meetings of the Board of Directors are distributed pursuant to Section 3.14 hereof.

Section 3.14 Minutes for Meetings of Directors. A written record of the proceeds of each meeting of the Board of Directors shall be made. Copies of such minutes shall be furnished to each director. Copies of such minutes shall also be provided to any member of WSHIP or any member of the public that files a written request with WSHIP's secretary.

Section 3.15 Resignation by Directors. Any director may resign at any time by delivering written notice to the Chair of the Board, the President, the Secretary, or the registered office of WSHIP, or by giving oral notice at any meeting of the directors. Any such resignation shall take effect at any subsequent time specified therein, or if the time is not specified, upon delivery thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 3.16 Director Vacancies. A vacancy on the Board of Directors may occur by the resignation or death of an existing director, or by reason of increasing the number of directors on the Board of Directors as provided in these Bylaws. Any vacancy occurring in the Board of Directors with respect to directors who were selected by the governor of the State of Washington pursuant to RCW 48.41.040 shall be filled by the governor pursuant to the same process specified by RCW 48.41.040 for the initial selection. A director appointed to fill such a vacancy shall be appointed for the unexpired term of his or her predecessor in office. Any vacancy occurring in the Board of Directors with respect to the directors elected by the members shall be filled by majority vote of the remaining directors who were elected by the members and such person shall serve until the next regularly scheduled election of directors. A director elected by the members at the next regularly scheduled election of directors to fill a vacancy shall serve for the unexpired term of the vacant position.

Section 3.17 Director Compensation. Directors shall serve without compensation. Directors may be reimbursed for the reasonable expenses incurred, if any, for attendance at meetings of the Board of Directors or committees thereof in accordance with RCW 43.03.050 and RCW 43.03.060.

ARTICLE IV. BOARD COMMITTEES

Section 4.1 Procedures for Establishing Board Committees. The Board of Directors may by resolution designate from among the directors an executive committee and one or more other committees, each of which must have two (2) or more directors and, except as otherwise provided herein, shall be governed by the same rules regarding meetings, action without meetings, notice and waiver of notice as applied to the Board of Directors. To the extent provided in such resolutions, each such committee shall have and may exercise the authority of the Board of Directors, except as limited by applicable law. The designation of any such committee and the delegation thereto of authority shall not relieve the Board of Directors, or any individual director, of any responsibility imposed by law.

Section 4.2 Grievance Committee

(a) **Structure.** The Board of Directors shall appoint a minimum of three (3) directors to serve on a Board Grievance Committee. The committee shall consist of one director each representing consumers, health carriers, and either business or agents. A representative from the Office of the Insurance Commissioner shall be a non-voting ex-officio member of the committee. The committee may interview the plan Administrator with respect to any appeal or grievance, but the Administrator will not take part in committee decisions.

(b) **Scope of Activities.** The committee will review and decide on the disposition of applicant and participant grievances submitted to Board of Directors and shall operate in accordance with the procedures adopted by the Board pursuant to Article VII hereof. At its discretion, the committee may engage independent medical and legal experts as deemed appropriate by the committee. The scope of the grievance committee's review shall not include the review of medical records and the rendering of direct decisions on the medical necessity or appropriateness of medical services. The scope of the grievance committee review shall be limited to a review of the appropriateness of the Administrator's decisions and actions in regard to medical review. Such review may include, but need not be limited to, documentation of adequate review by the Administrator's medical director or, when appropriate, by independent medical experts.

(c) **Appeal of Committee Decisions.** The decision of the committee shall be the final review of grievances by the Board of Directors. Certain decisions may be appealed to an independent review organization in accordance with the procedures adopted by the Board pursuant to Section Article VII hereof.

ARTICLE V. OFFICERS AND EMPLOYEES

Section 5.1 Number. WSHIP shall have a President (who may be called, and is referred to herein as the "Chair"), and may have one or more Vice-Presidents (who may be called, and are referred to herein as the "Vice Chairs") a Secretary and a Treasurer, each of whom shall be appointed by the Board of Directors. Such other officers and assistant officers as

may be deemed necessary or appropriate may be appointed by the Board of Directors, including an executive director. By resolution, the Board of Directors may designate any officer as chief executive officer, chief operating officer, chief financial officer, or any similar designation. Any two or more offices may be held by the same person, except for the offices of President and Secretary. Officers shall not be required to be directors.

Section 5.2 Appointment and Term of Office. The officers of WSHIP shall be appointed by the Board of Directors to serve for a one year term or such term as the board may deem advisable. Each officer shall hold office until a successor shall have been appointed regardless of such officer's term of office, except in the event such officer resigns pursuant to Section 5.3 hereof or is removed pursuant to Section 5.4 hereof.

Section 5.3 Resignation. Any officer may resign at any time by delivering written notice to the Chair or Secretary, or by giving oral notice at any meeting of the board. Any such resignation shall take effect at any subsequent time specified therein, or if the time is not specified, upon delivery thereof and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

Section 5.4 Removal. Any officer appointed by the Board of Directors may be removed by the Board of Directors with or without cause by an affirmative vote of seven directors. The removal shall be without prejudice to the contract rights, if any, of the person so removed. Appointment of an officer or agent shall not of itself create contract rights.

Section 5.5 Chair. When present, the Chair shall preside at all meetings of the members and of the Board of Directors. The Chair may sign deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of WSHIP or shall be required by law to be otherwise signed or executed. In general, the Chair shall perform all duties incident to the office of the Chair and such other duties as may be prescribed by resolution of the Board of Directors from time to time.

Section 5.6 Vice-Chair. In the absence of the Chair or in the event of his or her death, disability or refusal to act, the Vice-Chair, or in the event there shall be more than one Vice-Chair, the Vice-Chairs in the order designated at the time of their election, or in the absence of any designation then in the order of their election, if any, shall perform the duties of the Chair. When so acting the Vice-Chair shall have all the powers of and be subject to all the restrictions upon the Chair and shall perform such other duties as from time to time may be assigned to the Vice-Chair by resolution of the Board of Directors.

Section 5.7 Secretary. The Secretary shall keep the minutes of the proceedings of the members and Board of Directors, shall give notices in accordance with the provisions of these bylaws and as required by law, shall be custodian of the records of WSHIP, shall keep a record of the names and addresses of all members, may sign with the Chair, or a Vice-Chair, deeds, mortgages, bonds, contracts, or other instruments which shall have been authorized by resolution of the Board of Directors, and in general shall perform all duties incident to the office of

Secretary and such other duties as from time to time may be assigned to the Secretary by resolution of the Board of Directors.

Section 5.8 Treasurer. If required by the Board of Directors, the Treasurer shall give a bond for the faithful discharge of his or her duties, in such sum and with such surety or sureties as the Board of Directors shall determine. The Treasurer shall have charge and custody of and be responsible for keeping correct and complete books and records of account, for all funds and securities of WSHIP, receive and give receipts for moneys due and payable to WSHIP from any source whatsoever, deposit all such moneys in the name of WSHIP in the banks, trust companies or other depositories as shall be selected in accordance with the provisions of these bylaws, and in general perform all of the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to the Treasurer by resolution of the Board of Directors.

Section 5.9 Executive Director. The Executive Director shall be the chief executive officer of WSHIP and, subject to the control of the Board of Directors, shall generally supervise and control the administrative business and affairs of WSHIP. The Executive Director may sign deeds, mortgages, bonds, contracts, or other instruments which the Board of Directors has authorized to be executed, except in cases where the signing and execution thereof shall be expressly delegated by the Board of Directors or by these bylaws to some other officer or agent of WSHIP or shall be required by law to be otherwise signed or executed. In general, the Executive Director shall perform all duties incident to office of and such other duties as may be prescribed by resolution of the Board of Directors from time to time.

Section 5.10 Assistant Officers. The assistant officers in general shall perform such duties as are customary or as shall be assigned to them by resolution of the Board of Directors. If required by the Board of Directors, the assistant Treasurers shall respectively give bonds for the faithful discharge of their duties in such sums and with such sureties as the Board of Directors shall determine.

Section 5.11 Employees and Compensation. The Board of Directors may establish such positions of employment as it deems desirable and shall fix the salaries and other compensation for such positions.

ARTICLE VI. ADMINISTRATOR

. The Board of Directors shall select an administrator for the pool operated by WSHIP through the process established under the Washington State Health Insurance Coverage Access Act. The administrator shall perform the duties specified in the Act and such other duties as assigned by the Board of Directors. In performing such duties, the Administrator shall comply with all provisions of applicable law including the applicable requirements of chapter 284.30 of the Washington Administrative Code. Subject to the Board of Director's review and approval, the administrator shall develop a program to publicize the plan's existence and describe the eligibility requirements and procedures for enrollment.

ARTICLE VII. GRIEVANCE PROCEDURE FOR APPLICANTS AND PARTICIPANTS

. The Board of Directors shall establish procedures under which applicants and participants may have grievances reviewed. Such procedures shall not be effective until they have been submitted to the Washington State Office of Insurance Commissioner and approved in compliance with the requirements of RCW 48.41.040.

ARTICLE VIII. CONFLICTS OF INTEREST

The purpose of the conflicts of interest policy is to protect WSHIP's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of an officer or director of WSHIP. This policy is intended to supplement but not replace any applicable state laws governing conflicts of interest applicable to directors and officers of WSHIP.

Section 8.1 Definitions.

(a) Interested Person. Any director, principal officer, or member of a committee with board delegated powers who has a direct or indirect financial interest, as defined below, is an interested person.

(b) Financial Interest. A person has a financial interest if the person has, directly or indirectly, through business, investment or family: (a) an ownership or investment interest in any entity with which WSHIP has a transaction or arrangement, or (b) a compensation arrangement with WSHIP or with any entity or individual with which WSHIP has a transaction or arrangement, or (c) a potential ownership or investment interest in, or compensation arrangement with, any entity or individual with which WSHIP is negotiating a transaction or arrangement. "Compensation" includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

Section 8.2 Procedures.

(a) Duty to Disclose. In connection with any actual or possible conflicts of interest, an interested person must disclose the existence and nature of his or her financial interest to the directors and members of committees with board delegated powers considering the proposed transaction or arrangement.

(b) Determining Whether a Conflict of Interest Exists. After disclosure of the financial interest, the interested person shall leave the board or committee meeting while the determination of a conflict of interest is discussed and voted upon. The remaining board or committee members shall decide if a conflict of interest exists.

(c) Procedures for Addressing the Conflict of Interest. The Chair of the board or the chair of the committee shall, if appropriate, appoint a disinterested person or committee to investigate alternatives to the proposed transaction or arrangement. After exercising due diligence, the board or committee shall determine whether WSHIP can obtain a more

advantageous transaction or arrangement with reasonable efforts from a person or entity that would not give rise to a conflict of interest. If a more advantageous transaction or arrangement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the disinterested directors whether the transaction or arrangement is in WSHIP's best interest and for its own benefit and whether the transaction is fair and reasonable to WSHIP and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination.

(d) Violations of the Conflicts of Interest Provisions. If the board or committee has reasonable cause to believe that one or more of its members has failed to disclose actual or possible conflicts of interest, it shall inform the member or members of the basis for such belief and afford the member or members of an opportunity to explain the alleged failure to disclose. If, after hearing the response of the member or members and making such further investigation as may be warranted in the circumstances, the board or committee determines that the member or members has in fact failed to disclose an actual or possible conflict of interest, it shall take appropriate disciplinary and corrective action.

Section 8.3 Record of Proceedings. The minutes of the board and all committees with board-delegated powers shall contain (a) the names of the persons who disclosed or otherwise were found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the board's or committee's decision as to whether a conflict of interest in fact existed; and (b) the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection therewith.

Section 8.4 Compensation Committees. A voting member of any committee whose jurisdiction includes compensation matters and who receives compensation, directly or indirectly, from WSHIP for services is precluded from voting on matters pertaining to that member's compensation.

Section 8.5 Statement of Compliance. Each director, principal officer and member of a committee with board-delegated powers shall annually sign a statement which affirms that such person (a) has received a copy of the conflicts of interest policy; (b) has read and understands the policy; (c) has agreed to comply with the policy; and (d) understands that WSHIP is a tax-exempt organization and that in order to maintain its federal tax exemption it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

Section 8.6 Periodic Reviews. To ensure that WSHIP operates in a manner consistent with its tax-exempt purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted of its activities to ensure compliance with the applicable requirements.

ARTICLE IX. FINANCIAL RECORDS, CONTRACTS, LOANS, CHECKS, DEPOSITS

Section 9.1 Financial Records and Audit. The Board of Directors shall require WSHIP to maintain records of WSHIP's financial transactions and an accounting of WSHIP's assets. WSHIP shall cause to be conducted an annual financial audit of WSHIP by independent certified public accountants selected by the Board of Directors. The cost of such audit shall be borne by WSHIP. The Board of Directors shall submit, no later than 120 days after the end of its fiscal year, a financial report of the preceding year, including a copy of the financial audit, to the Insurance Commissioner in a form approved by the Insurance Commissioner.

Section 9.2 Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of WSHIP, and that authority may be general or confined to specific instances.

Section 9.3 Loans. No loans shall be contracted on behalf of WSHIP and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors, which authority may be general.

Section 9.4 Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of WSHIP shall be signed by the officer or officers, or agent or agents, of WSHIP and in the manner as shall from time to time be prescribed by resolution of the Board of Directors.

Section 9.5 Deposits. All funds of WSHIP not otherwise employed shall be deposited from time to time to the credit of WSHIP in the banks, trust companies or other depositories as the Board of Directors may select.

Section 9.6 Loans to Members, Directors and Officers. No loans shall be made by WSHIP to any member, director or officer.

ARTICLE X. RULES OF PROCEDURE

The rules of procedure at meetings of the board, meetings of the members and committee meetings shall be the rules contained in Roberts' Rules of Order on Parliamentary Procedure, as amended, so far as applicable and when not inconsistent with these bylaws, the articles of organization or any resolution of the board.

ARTICLE XI. BOOKS AND RECORDS

WSHIP shall keep correct and complete books and records of account, minutes of the proceedings of its members, the Board of Directors and any committees designated by the Board of Directors, and such other records as may be necessary or advisable.

ARTICLE XII. FISCAL YEAR

The fiscal year of WSHIP shall be from January 1 to December 31 or such other fiscal year as may be determined by resolution adopted by the Board of Directors.

ARTICLE XIII. COPIES OF RESOLUTIONS

Any person dealing with WSHIP may rely upon a copy of any of the records of the proceedings, resolutions or votes of the board when such records are certified by the President or Secretary.

ARTICLE XIV. AMENDMENTS TO BYLAWS

These bylaws may be altered, amended or repealed, and new bylaws may be adopted, by an affirmative vote of seven directors present at any annual, regular or special meeting so long as a minimum of ten days' written notice is given to each director of the intention to alter, amend, repeal or adopt new bylaws. No such alteration, amendment, repeal or adoption of new bylaws shall be effective until they have been submitted to the Washington State Office of Insurance Commissioner and approved in compliance with the requirements of RCW 48.41.040.

The undersigned, being the Secretary of WSHIP, hereby certifies that these bylaws are the bylaws of Washington State Health Insurance Pool, adopted by resolution of the directors on _____, 2002.

DATED this ____ day of _____, 2002.

Secretary

Signed: _____

Mike Kreidler
Insurance Commissioner

Date: _____